United States
Department of Agriculture

Foreign Agricultural Service

Foreign Agriculture

August 1982

The China Trade

Country Briefs

Bangladesh

Increases Tariff On Palm Oil Imports

The government raised its tariff on imports of palm oil from 10 percent to 50 percent. Imports of solid palm oil (vegetable ghee) have been banned, and imports of RBD palm sterine, for which the duty will be 50 percent, are to be allowed only for the soap industry. Meanwhile, the tariff on crude degummed soybean oil remains at 20 percent and the tariff on refined soybean oil has been reduced from 25 to 20 percent.

Local soy oil processors believe this will help them compete more successfully with imported RBD palm oil, if soybean oil prices remain competitive. The United States is the principal supplier of soybean oil to Bangladesh.

Korea

Palm Oil Imports Cut Into Soy Oil Use

Korea's palm oil imports in 1981 increased 60 percent over 1980, and were four and a half times greater than in 1979, because of greater use of palm oil in food manufacture.

Korea does not buy significant quantities of soybean oil, although the Koreans are expected to import around 600,000 metric tons of soybeans in the current year. In fiscal 1981, the United States exported 467,342 tons of soybeans to Korea.

Imported palm oil has a substantial price advantage over soybean oil, partly because of a high differential duty imposed on soybean oil. Palm oil also has a big advantage over domestically produced soybean oil. The current price of domestically produced soybean oil is about US$1,500 per ton, about three times that of imported palm oil. This price advantage has dampened prospects for expansion of soybean oil consumption in the country.

The major users of palm oil are manufacturers of instant noodles, confectionary products, margarine and shortening. Instant noodle companies—the largest users—apparently prefer palm oil to domestically produced soybean oil because of its longer shelf life and lack of odor as well as its price and the fact that it arrives in hydrogenated form.

Malaysia

Tobacco Imports Slated for Big Gain

Imports of leaf tobacco in 1982 are expected to jump 73 percent to nearly 6,000 metric tons, reflecting the shortfall in 1981's crop, depleted 1982 carry-in stocks, below target production in 1982 and some rollback of U.S. leaf deliveries that were scheduled for 1981 into early 1982. While there is growing interest in imports from Brazil, Zimbabwe and Korea, the United States is likely to retain 85-90 percent of Malaysia's import market.

For 1981, U.S. unmanufactured tobacco exports to Malaysia, nearly all flue-cured, totaled 3,118 tons worth $23 million.

Malaysia's cigarette sales are expected to increase 2 to 3 percent this year. American blends are gaining popularity in a market long dominated by straight Virginia cigarettes led by the Malaysian Tobacco Company's (MTC) "Benson & Hedges." Trade sources indicate that last year R.J. Reynolds' "Winston" captured 10 percent of the total cigarette market. MTC responded by introducing "Viceroy." The fierce competition over the American blend market caused the withdrawal of another new entrant to the Malaysian market—"Golden American."

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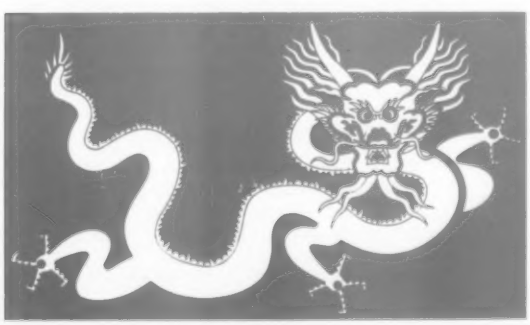


The China Trade

By Robin Tilsworth

Over eight out of 10 people in China live in rural areas and almost half of them are involved in farming. Still, they have difficulty growing enough food to meet the nation's needs. So China's farm policies are crucial not only for domestic production but also for agricultural imports—a matter of great interest to U.S. farmers and exporters.

Although trade between the United States and China resumed 10 years ago, the period of rapid trade gains occurred only in the past 5 years. In this period, U.S. farm sales to China rose quickly to the $2-billion mark.

This sudden expansion in U.S. farm exports to China was highlighted by the growth in the U.S. market share, which jumped from 3 percent in 1977 to 27 percent in 1979. Over the last 2 years, the U.S. share has averaged 40 percent. Today, agricultural sales account for more than half of all U.S. exports to China.

How are trade decisions made in China? What influences the level of farm goods that the Chinese buy from year to year? Answers to these and similar questions are not easy, but they are important for U.S. growers of wheat, corn, cotton, soybeans and other commodities.

Agricultural trade decisions in China are highly centralized and determined primarily by three factors:

- Economic and political policies affecting production, distribution and consumption of farm products;
- Weather and other natural influences on farm production; and
- Availability of foreign exchange.

Economic and Political Policies

The Fifth National People's Congress which reconvened late last year reemphasized the tone of China's current economic policies, which were first announced in December 1978.

The Chinese continue on a path of economic development that emphasizes agriculture and light industry under the overall goal of raising the country's living standards. This translates into continued imports of agricultural products as well as capital and technology; expansion in farm production; accelerated construction of railroads and ports; and steady investment in light industry as opposed to the earlier drive to build heavy industry.

China is home for nearly a billion people, of which more than 300 million contribute to farm production. In contrast, there are only about 4 million American farmers. Consequently, the formulation and enactment of farm production plans play a vital role in the country's economic policy.

China is now into the fourth year of several programs aimed at boosting farm production and improving the living standards in both rural and urban areas. These programs have been implemented to varying degrees throughout China.

Since 1978, a Chinese version of free-enterprise markets has re-emerged in rural areas along with the use of more commune land for private plots. Farming households can now earn additional income in sideline occupations and through food sales in local markets. The amount of a commune's land allowed for private plots was raised in early 1981 from 7 to 15 percent.

The communal system, however, is undergoing continual change. The amount of land planted to specific crops—as well as other financial decisions—is left to individual production units as long as they fulfill the government's procurement requirements. This new "production responsibility system" strives to strengthen the link between output and individual reward.

China's Foreign Trade Reflects Growth in U.S. Farm Sales

Item	1976	1977	1978	1979	1980	1981[1]
($ Million)						
China's trade [2]						
Total exports	7,268	8,101	10,118	13,751	19,493	22,400
Farm exports[1]	2,670	2,648	3,118	3,629	4,324	4,900
Total imports	6,023	6,615	10,351	14,383	19,316	18,600
Farm imports[1]	950	1,918	2,475	3,364	5,359	5,300
Trade balance						
All products	1,245	1,486	-233	-632	-177	3,800
Farm products	1,720	730	643	265	1,032	-400
($ Million)						
U.S.-China trade [3]						
Exports to China	135	171	859	1,724	3,818	3,773
Farm exports	(4)	66	614	997	2,278	1,986
Imports from China	202	203	324	549	1,042	1,830
Farm imports	55	67	84	86	133	299
(Percent)						
U.S. share of China's Farm imports	(4)	3	23	27	43	37

[1]Preliminary. [2] All values given for China's trade are f.o.b. [3]U.S. exports are on f.a.s. value basis and include transshipments through Canada. Imports are on a customs value basis. [4]Negligible.

These reforms have led to some shifting of land out of grain. This and the continuing conversion of agricultural land for other uses mean Chinese producers must rely even more heavily on increased yields to meet their grain quotas. They have achieved higher yields through better management techniques.

Meanwhile, land previously planted in grain has been used for more lucrative cash crops. Although government planners supported this shift, there is now major concern that the trend away from grains is too extreme. A media campaign has begun to spark a return of land to grain production.

For the summer harvest in 1979, the government raised its procurement prices for 18 commodities, including grains, cotton, soybeans and other edible oils. In 1981, soybean and cotton prices were increased an additional 50 and 10 percent, respectively.

The government largely absorbed the higher farm prices without passing them on to consumers.

Early this year Beijing began an extensive bureaucratic reform to streamline the government. The move most affecting agricultural production and trade is the closing down of the State Agricultural Commission and the State Economic Commission. The work of the agricultural commission is being absorbed by the five ministries that used to be under the commission.

The Ministry of Cereals, which handles domestic procurement and distribution of all agricultural products, is now part of the Ministry of Commerce. The Ministry of Foreign Trade has been combined with three other ministries to form the Ministry of Foreign Trade and Economic Relations.

China's Domestic Production And U.S. Exports

China's 1981 harvest was second only to the record set in 1979. However, because output fell below target, larger grain imports are anticipated for this marketing year. In the future, however, purchases from the United States are likely to follow a moderate growth pattern, as opposed to the rapid gains of the past few years.

Some of the factors contributing to this projected trend are the continuing Chinese caution over foreign exchange, larger cotton crops and the expanded use of synthetic fibers in textiles. Others are the expansion in oilseed production and a smaller growth in demand for grain as feed. China also seems determined to cut imports and raise exports.

Chinese grain output rose in 1981, although sown area continued its recent decline. Wheat imports remain high because they are primarily distributed to the coastal areas and other urban centers. The U.S. market share expanded slightly to about 60 percent—a sharp contrast to the total absence of U.S. wheat in the Chinese market in the mid-1970s.

Recently, the government introduced a series of policies to boost soybean production for a possible expansion in exports. Chinese farmers have planted more soybeans in response to higher procurement prices paid by the government.

Other edible oils are being substituted for soybean oil, freeing more soybeans for possible movement to export markets. But the success of this effort was dampened somewhat by reduced yields in the northwest because of floods last fall. So China has continued to buy U.S. soybeans.

Working To Build Sales to China

A broad range of government and business contacts in the 1970's fostered the rapid rise in U.S.-China agricultural trade. Those contacts have grown even more since the resumption of full diplomatic relations in 1979.

Last fall, Secretary Block went to Beijing to meet Chinese officials and express satisfaction over the strong agricultural relationship between the two nations. This relationship includes not only trade but also a government-sponsored agricultural scientific exchange program, market development by U.S. trade associations, state and regional programs and other initiatives by the U.S. private sector.

Block's trip was the first by a Secretary of Agriculture since official relations resumed between the countries. Former Secretary Bergland visited China in November 1978. The U.S. Liason Office in Beijing added an agricultural officer in late 1975 and this was followed by visits by U.S. cooperators to make trade contacts.

These American overtures were reciprocated by an 11-man group from China headed by the Minister of Agriculture Huo Shilian in July 1980. The Chinese toured several farm areas in the States.

In early 1981, Under Secretary Lyng headed a market development team to China. Highlights of this government-industry effort were discussions focusing on grain storage and agricultural research, as well as the exchange of market development teams in the future.
Later in 1981, the FAS agricultural trade officer moved from Hong Kong to Beijing and three U.S. market development cooperators—the U.S. Feed Grains Council, American Soybean Association and U.S. Wheat Associates—were given the green light to open offices in Beijing.

U.S. agricultural producer groups are engaged in many activities in China, ranging from seminars on swine breeding, leather technology and soybean meal to consultations on feed mill engineering. These groups also sponsor Chinese visits to the United States that cover a broad spectrum of activities, including attendance at baking schools, feed study teams, seed exchanges, and a survey of U.S. soybean crushing techniques.

More than 125 American scientists have been to China since 1979 under the U.S.-China Joint Working Group on Agricultural Cooperation in Science and Technology.

These scientists have studied Chinese techniques in agricultural data processing and remote sensing, soybean germplasm, economics and statistics, and intergrated pest management.

Similar Chinese teams visiting the United States have touched on many subjects, ranging from small watershed management, soil tillage and production of virus insecticides to large tractor production, forest processing and tobacco improvement.

Longer term research efforts are being initiated under the agreement in several areas, including studies of sediment and horticultural plants.

Problems With Foreign Exchange

While the Chinese have a fundamental commitment to the goal of self-sufficiency, the government still realizes the importance—at least for the short run—of using resources from other countries. To this end, the government is relying on trade and foreign investment plus scientific and technical exchanges.

One way China hopes to attract foreign investment is developing new legal codes to cover joint ventures, compensatory trade and taxation of foreigners.

Until about 1979 China strictly avoided foreign debt. After embarking on full-fledged entry into the world economy in the late 1970s, China's foreign debt rose to and remained between $4 billion and $5 billion. To control the debt load without forgoing imports, the Chinese began to push exports aggressively by tailoring products more to foreign specifications. Also, trade fairs in China are being cut back in size while Chinese participation in trade shows in other countries is expanding.

The government's efforts to overcome foreign exchange problems have already had some success. Since late 1980, it is estimated that China's foreign debt has been decreasing while holdings of foreign exchange have hit an all-time high of around $5 billion.

This financial improvement—plus fairly good harvests and the export drive—has undoubtedly given government planners more options. At the same time, sales opportunities for U.S. farm products remain bright as China again turns to the world market to meet domestic needs. ■

The author is with the Asia, Africa and Eastern Europe Division, International Trade Policy, FAS.

Fact File

What You Need To Know About Exporting to China

If you are an exporter interested in doing business in China, you should first realize that Chinese trade procedures are extremely structured and formal.

The Planning Commission of the State Council determines various input-output targets and the corresponding import requirements. The commission then tells the Ministry of Foreign Trade and Economic Relations to buy what is needed. Your first direct dealing will be with one or several Foreign Trade Corporations (FTC's) which are directly responsible to the foreign trade ministry. The FTC's act as buyers and sellers of the products you want to export.

At the top of China's business pyramid are the national ministries, each with various functions. Today, these ministries are apparently getting more involved in foreign trade than in the past, and may even take over some of the functions of the FTC's.

Because of this dual nature, copies of the business proposals you send to the FTC's should also be sent to the ministry—or ministries—concerned with the products you plan to export to China. These proposals will be distributed to other "interested parties," such as the provincial FTC's, by the central authorities.

The First Step in Contacting the FTC's

So let's say you want to export "product X" to China. The first step—contact the FTC. To do so, you should:

- Find the FTC most closely related to your product. (See list of products and corresponding FTC's on page 12.)

- Prepare a sales (or purchase) proposal and send it to the FTC in Beijing (Peking). It may also be worthwhile to contact the Hong Kong office. Your proposal should clearly define the product or product group. It should be straightforward and technically comprehensive.

If the Chinese are interested in your proposal, they may ask for more information, request that the proposal be prepared to Chinese specifications or even invite you to Beijing for further discussions.

- Because international mail takes a long time, you should probably cable or telex the FTC that your proposal is on the way.

- Send 20 copies of your proposal to the FTC because it will need that many for distribution to potential endusers. This is important because some FTC's have complained that U.S. companies have not sent enough copies. If your product is handled by several FTC's, send proposals—and 20 copies—to each one. Be sure to include "USA" or "United States" in the return address.

Here's an important rule to follow. Never refer to past difficulties between the United States and China. Always call the country "China" or the "People's Republic of China." Don't ever use the terms "Mainland China" or "Red China."

- Send copies of your proposal or a cover letter to:

Commercial Office
Embassy of the People's Republic of China
2300 Connecticut Avenue, N.W.
Washington, D.C. 20008

Agricultural Counselor
American Embassy
17 Guanghua Lu
Beijing, People's Republic of China

● If possible, you should at least include with your proposal Chinese translations (in simplified characters) of cover letters sent to the FTC and the Chinese Embassy. One of the organizations providing this service is: The National Council for U.S.-China Trade Translations Service Inc., 1050 17th Street, N.W., Washington, D.C. 20036.

● Finally, make several copies of any technical information contained in your proposal and send them to:

Center Introducing Literature and Samples of New Foreign Products
P.O. Box 615
Beijing, People's Republic of China

Allow Several Months for the Whole Procedure

This entire process takes several months. If the Chinese indicate they are interested in your product, send more information (including copies) with a cover letter that refers to the original proposal. Follow the same procedure used in sending the original proposal.

Contracts with the Chinese are binding and must be honored. A canceled contract would definitely hurt chances for future sales.

Pay close attention to the wording in the contract and don't assume anything. Remember that business customs in the West may not be known or followed by the Chinese. Contract specifications are fully enforced, while missing information is exempt from enforcement.

The Chinese rarely settle contract disputes by arbitration. Instead, they prefer to resolve commercial disagreements through conciliation. To date, there have been no known cases of arbitration involving a U.S. company. But some contracts have provided for arbitration to take place in Canada, Sweden or Switzerland.

Additional Notes on Chinese Contracts

Contracts with the Chinese include a clause that gives them the final right to inspect all imports/exports on behalf of the FTC. This is enforced by the China National Import and Export Commodities Inspection Bureau, which is directly responsible to the Ministry of Foreign Trade and Economic Relations.

Insurance is the responsibility of the cargo owner. China buys goods primarily on an f.o.b. basis, but does not sell solely on a c.i.f. basis. Some goods are sold f.o.b.

So far, all commercial transactions have been handled by the Bank of China (BOC)—the foreign exchange arm of the People's Bank of China. The BOC requires letters of credit. Foreign banks cannot have branches in China, but they may carry on full correspondence with the BOC.

Payment to you, the exporter, is authorized only after the BOC has received all appropriate shipping documents. Chinese import contracts are usually made and paid in western currencies.

Changes Underway in Sales Procedures

There are signs that the Chinese are beginning to decentralize their sales negotiations and procedures. Over the past 3 years, there has been a proliferation of enduser corporations in China. They are directly responsible to the ministries, so you have to contact them through the proper ministry or ministries. These corporations have not replaced the FTC's. Instead, they have evolved to provide more professional and technical expertise.

Your firm should identify the corporation that handles your product line, while keeping close contacts with the appropriate FTC—unless, of course, it is made clear to you that the enduser wants to deal directly. (A list of enduser corporations concerned with agriculture and agribusiness products is on page 12.)

The Canton Fair

The most important trade exhibition in China is the annual Guangzhou (Canton) Fair. Since the fair is heavily export oriented, it is not the best way for you to market farm commodities or new technology to China. Still, it offers you a good forum for making business contacts.

Attendance is by invitation only. If you want to attend the fair, contact either the appropriate FTC or the Chinese Embassy. If you would like to conduct a seminar at the fair, get in touch with the FTC and with the China Council for the Promotion of International Trade (CCPIT), located at 4 Taipingqiao Lu in Beijing (Cable: COMTRADE BEIJING).

The council has several important trade functions. As one of the organizers of the Canton Fair, it helps set up business appointments and technical seminars at the fair. It also organizes Chinese exhibitions abroad as well as foreign ones in China. Another council function is the hosting of seminars given by foreign companies. If requested, the council will provide interpreters for the seminars.

The council is responsible for disseminating information on new products entering China. It also settles contract disputes that have not been resolved by conciliation.

Use of Seminars Is Growing

Technical seminars are an excellent way to gain exposure for your company and its products. The number of seminars in China is on the upswing. They are normally staged in Beijing and are financed by the company. They are a good vehicle for marketing your company's products and technological know-how.

For agribusiness products, these seminars may well be the best avenue for a new supplier to get products into the Chinese market.

Seminars have to be arranged carefully. You should send your request to the council. The request should provide an outline of the seminar, technical information and biographical material on all members of your delegation.

The seminar will be presented to technical and scientific personnel representing Chinese enterprises and research organizations. After the seminar, business discussions are held with an FTC, and often these are not completed during the trip for the seminar.

The opening of China's door to Western trade offers you many opportunities, but you need to master the Chinese way of doing business. The rewards represented by this huge market make the effort worthwhile.

More Information on Doing Business in China

For more information on marketing your agricultural products in China contact: Export Promotion Division, Foreign Agricultural Service, Room 4945-South, U.S. Department of Agriculture, Washington, D.C. 20250. The telephone number is (202) 447-6343.—*By John Nuttall, Chief, Tariffs and Economic Indicators Branch, International Agricultural Statistics, FAS.*

Who Does the Buying in China?

Ministries and FTC's correlated to agricultural and agribusiness products:

FTC	Ministry
China National Cereals, Oils and Foodstuffs Import and Export Corp. 82 Donganmen Lu, Beijing, PRC CABLE: CEROILFOOD BEIJING TELEX: 22281 CEROF CN 22111 CEROF CN	Agriculture;Forestry; Textile Industry; Light Industry; Commerce; Cereals; State and Land Reclamation
China National Native Produce and Animal By-Products Import and Export Corp. 82 Donganmen Lu, Beijing, PRC CABLE: CHINATUHSU BEIJING TELEX: 22283 TUHSU CN	Agriculture, Forestry; Textile Industry; Light Industry; Commerce; Cereals; State and Land Reclamation
China National Textile Import and Export Corp. 82 Donganmen Lu, Beijing, PRC CABLE: CHINATEX BEIJING TELEX: 22280 CNTEX CN	Textile Industry
China National Light Industrial Products Import and Export Corp. 82 Donganmen Lu, Beijing, PRC CABLE: INDUSTRY BEIJING TELEX: 22282 LIGHT CN	Light Industry
China National Chemicals Import and Export Corp. Erligou, Xijiao, Beijing, PRC CABLE: SINOCHEM BEIJING TELEX: 22243 CHEMI CN	Chemical Industry
China National Technical Import Corp. Erligou, Xijiao, Beijing, PRC CABLE: TECHIMPORT BEIJING TELEX: 22244 CNTIC CN	Various, depending on nature of import
China National Machinery Import and Export Corp. Erligou, Xijiao, Beijing, PRC CABLE: MACHIMPEX BEIJING TELEX: 22242 CMIEC CN	Machine Building; Agricultural Machinery

Hong Kong Branch Offices of the FTC's:

Branch Office	FTC's
China Resources Company (CRC) Causeway Center Gloucester Road, Wanchai, H.K. CABLE: CIRECO HONG KONG TELEX: 73277 CIREC HX TEL: 5-7569216	MACHIMPEX SINOCHEM CHINATEX
Hua Yuan Company 12 Stewart Road, H.K. CABLE: HYCOMP HONG KONG	INDUSTRY CHINATUHSU
Ng Fung Hong 115-119 Queen's Road, West, H.K. CABLE: NGFUNG HONG KONG TELEX: 74053 NGFUN HX	CEROILFOOD
Teck Soon Hong Ltd. 37-39 Connaught Road West, H.K. CABLE: STILLON HONG KONG	CHINATUHSU INDUSTRY CHINATEX

End user corporations and their corresponding FTC's and ministries:	**Domestic end user corporation**	**FTC**	**Ministry:**
	China Agricultural Machinary Corp.	MACHIMPEX	Machine Building; Agricultural Machinery
	China Chemical Construction Corp.	TECHIMPORT	Chemical Industry
	China National Feedstuffs Corp.	CEROILFOOD CHINATUHSU	Commerce; Cereals
	China Seed Corp.	CEROILFOOD	Agriculture; Forestry
	China National Cereals and Oils Corp.	CEROILFOOD	Agriculture; Forestry; Cereals
	General Supply and Marketing Corp. of the People's Commune Enterprises of China	Various	Agriculture
Agricultural and agribusiness outputs and their corresponding FTC's:	**Product**	**FTC**	
	Cereals, seeds, oilseeds, oilcakes, livestock, poultry, meat, meat products, edible and industrial vegetable oils, salt, sugar, condiments, sweets, eggs, egg products, dairy products, fresh, frozen fruits and fruit products, animal fats, aquatic and marine products, rice made products, wines and spirits, canned goods and beverages	CEROILFOOD	
	Fresh, dried, frozen, salted dehydrated vegetables, feedstuffs	CEROILFOOD/CHINATUHSU	
	Teas, tobacco, bast fibre, timber, rosin forest produce, spices, essential oils, nuts, nut products, medicinal herbs, bristles, bristle brushes, furs and products, tail hairs, rabbit hair, goat and camel hair and wool, feathers and products, casings	CHINATUHSU	
	Wool	CHINATUHSU/CHINATEX	
	Hides, leathers, leather goods	CHINATUHSU/INDUSTRY	
	Cotton, raw and yarn, silks—raw, spun	CHINATEX	
	Paper and paper products	INDUSTRY	
	Petroleum products (plastics)	INDUSTRY/SINOCHEM	
	Agricultural chemicals, fertilizers, insecticides	SINOCHEM	
	Rubber	SINOCHEM	
	Agricultural machinery and implements, electric power generation equipment, food, processing and packing equipment	MACHIMPEX	
	Complete plant and equipment; modern technologies	TECHIMPORT	

China Sweetens the Pot To Boost Pig Production

By Jerome M. Kuhl

"Education must be provided for the masses of cadres, peasants, and farm workers, so they will show the lofty spirit of loving the State and loving Socialism, raising more pigs, and energetically fulfilling purchase quotas."

That's the traditional "call to arms" for China's drive to boost swine production.

But the government is not relying on education alone. Concerned that many farmers are moving away from the traditional Chinese pursuit of raising pigs, government planners are offering prizes to farmers who sell pigs to government purchasing agents. For selling just 10 plump pigs, commune families can acquire a top-brand bicycle or sewing machine. And they're being offered other incentives, as well.

Vegetables growers are also encouraged to raise pigs. As a reward, they will get pork in return—equal to 15 percent of the gross weight of the pigs delivered to the government. Special arrangements also augment the grain and other types of feed procured for pig farmers. And special plots are being set aside exclusively for raising grain to feed pigs. These grains, varying by region, include corn, barley and millet and even sweet potatoes, which also are considered a feed grain.

The government is committed to buy every pig it is offered, even those in excess of the assigned quota. After fulfilling the state purchase quota, farmers may also sell their excess pigs to licensed butchers or use them to meet family needs.

The government's purchase quotas cover every province, county, production team, commune, state farm and family. Few excuses are accepted for failure to fill the quotas.

Households with special private plots must set aside land to grow feed for swine. Plot-owning households that do not raise pigs must turn over feed to others who do raise them. If a family persists in its refusal to raise swine even after being "educated" in the secrets of production, the grain-producing land is taken away and given to a pig-raising family.

To make sure that purchase quotas are met, the government has established some strict rules. Industries, mining enterprises, offices and schools are forbidden to buy large numbers of pigs in the countryside. Also, the government says it will deal "resolutely" with unauthorized slaughtering or peddling of pigs.

Hebei province, with a human population of some 51.7 million, must supply 6 million pigs to government agents. The province's quota is broken down to the production team level. These teams, in turn, must get compliance from families under their jurisdiction.

The 32 million people in Heilongjiang province have a 1982 purchase quota of 3 million head, also broken down all the way to production teams. State farms are important in this province and their quotas are assigned by the state farm bureau.

The Chinese government says that in 1978, the country's farmers raised 301 million head, 41 percent of all the pigs in the world. The following year, the total was about 18.5 million head greater, but it has fallen steadily since. In September of last year, the number was reported to be about 15 million head less than the 305 million of the year before. ■

The author is the U.S. Agricultural Counselor in Beijing.

Nationwide Census Planned in China

China's first census since 1964 was scheduled to start in July. This census, only the third one since the founding of the People's Republic of China (PRC) in 1949, will be a massive undertaking requiring several million enumerators. The census will provide a wide range of economic and demographic information as data on 19 separate indicators are to be collected. Particular emphasis is being placed on labor force and employment data.

The United Nations and experts from western countries have provided extensive assistance in design of the census and provision of computers and related technical assistance. Preliminary estimates of population and household numbers are scheduled for release on October 1 of this year.

Better information on the actual size and rates of China's population growth have taken on a new urgency in recent months. The rate of natural increase of China's population, which declined continously from 2.6 percent in 1970 to 1.17 percent per year in 1979, rose to 1.21 percent in 1980 and final figures for 1981 are expected to show a further increase. These recent increases reflect two underlying problems. First, the proportion of China's population which is of child-bearing age is now increasing. In addition, new rural responsibility systems tie family income more closely to work performed by the family. The systems have apparently raised desired family size and have contributed to an upsurge of births in some areas.

The combination of these two factors threatens to overpower the positive effects of the ambitious family planning programs now underway.

China has set a target population of 1.2 billion for the year 2000. This is 22 percent greater than the last reported population total—982.6 million at the end of 1980—and implies an average annual growth rate of 1.0 percent between now and the end of the century. Unless the current increase in growth rates is reversed, population will substantially exceed targeted levels, increasing pressures on agriculture.

China: Finding Grain for a Billion People

By Ed Heslop

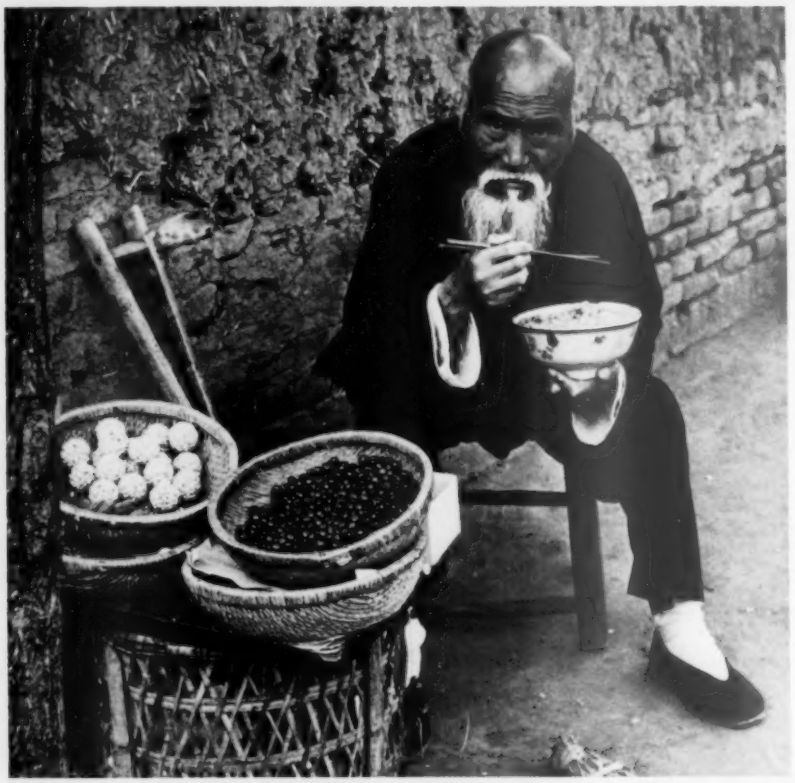
Western business representatives and economists rarely get more than a fleeting glimpse of the workings of China's economy. And the country's food system is no exception. How much people have to eat there, how effectively food is distributed, and the logistical problems the Chinese face are often subjects of conjecture in the West. Exporters, in particular, are anxious to know more about this huge market of a billion people.

Until relatively recently, the Chinese have released few facts about the nation's agriculture. So when an article on China's agriculture appeared in Hong Kong's "Ming Pao" it generated unusual interest.

The article consists of excerpts from the Agricultural Economic Journal published by the Chinese Academy of Social Science. It offers some interesting statistics on grain production and consumption in China. While much of the data has appeared in print before, some of the figures were previously unknown to economists outside the Peoples' Republic of China (PRC).

In 1957, China's grain production (unmilled) was slightly over 195 million metric tons (including cereals, coarse grains, tuber crops and soybeans). By 1980, production had grown by about 63 percent to 318 million tons. But, at the same time, the population grew by more than 50 percent from around 646 million to 981 million. And this largely negated the benefits of the increased production. Over that 23-year period, per capita grain production only rose from 301.5 to 324 kilograms per person.

To ensure stable food supplies, the Chinese government has a rationing system and ships grain from surplus areas to deficit areas within provinces. To a lesser degree, grain is also shipped from surplus producing provinces like Sichuan and Heilongjiang to deficit areas, principally major cities like Beijing and Shanghai.



In 1979 the standard per capita ration of unmilled grain for urban people was roughly 230 kilograms. The non-agricultural population that relies on commodity grain as a staple food is probably around 160 million people. They consume roughly 37.5 million tons of various grains each year.

In addition to providing grain to non-producers, the government has to meet an annual deficit of nearly 20 million tons in the rural areas—the so-called "feedback grain." Feedback grain is grain produced by the state and returned to grain-deficit rural areas. There are still some 70 million rural people whose grain consumption is below the standard grain ration enjoyed by the rest of the population.

In spite of the rise in grain production since 1957, the sizable growth in China's population has rendered the improvement on a per capita basis slight. Since grain remains the staple food in the Chinese diet, expanded production is needed to feed the growing population and provide the increase in per capita consumption of grain and livestock products promised by the government.

The statistics in the "Ming Pao" article show a decline in the movement of grain from grain-surplus provinces to grain-deficit provinces. This decline is primarily due to:

- Acreage shifts from grain to non-grain crops;
- Changes in planting procedures that give local producers more flexibility in the crops they grow;

● An increase in the grain fed to livestock and poultry; and

● Changes in procurement procedures and prices that have caused more grain to be retained for food, feed, processing and, perhaps, minor stock buildup in "surplus" provinces.

Because of the decline in grain shipments from the major surplus provinces, the state has had to supply larger quantities of commodity grain to cope with the ever-expanding populations of China's urban centers. In fact, the need to supply the major urban areas, mostly in North China, was and continues to be the principal reason for buying grain from the United States and other exporters.

Even if production were sufficient to meet domestic needs, the movement of grain to coastal urban areas would still pose major problems for the country's insufficient and strained transportation system.

If present policies remain in force, the PRC will continue its grain imports into the foreseeable future. The amount may vary from year to year, depending on harvests, but the Chinese government will have to import grain to meet its goal of feeding the nation's growing cities. ■

The author is U.S. Agricultural Officer in Hong Kong.

Problems Persist In Produce Sales to Japan

By William L. Davis

From the giant supermarkets on the bustling streets of Tokyo to the smallest family-owned shops, nearly all of the imported fresh citrus they sell is grown on American soil.

Japan is the largest buyer outside North America for U.S. fresh produce. In 1981 alone, the U.S. shipped to Japan about $240 million in fresh produce. In citrus, U.S. producers captured more than 96 percent of the Japanese citrus market for a total sales of about $170 million in that year. Not bad, considering that Japan ranks as the third largest citrus grower in the world.

The increasing affluence and sophistication of the Japanese consumer has sparked demand for a more varied diet which includes a wide selection of U.S. produce — asparagus, strawberries, grapefruit, kiwifruit, grapes and papayas, to name a few. Avocados, once totally unfamiliar to the Japanese, are now sold in hundreds of markets in the major cities. In specialty food shops, where shelves are stocked with superior quality and exotic fruits, a Japanese shopper may pay as high as $30 for a melon. Often, imported or domestic fruit is given as ceremonial gifts.

However, the market situation there for U.S. producers is not the "bowl of cherries" it may seem as they find themselves pitted against often severe tariffs, quotas, plant quarantine regulations and distribution system margins that limit sales volume.

The tiny Medfly evolved into a problem of monster proportions, eating its way into California citrus and producers' profits. California grows most of the fresh produce the United States exports to Japan. Experts on both sides of the Pacific are fighting this problem that Japanese producers see as a major potential insect threat to their industry.

Per capita, the Japanese eat an average of 44 pounds per year of their native Mikan oranges, compared with the average American's annual consumption of 13 pounds of oranges. This is only one reason that, for the U.S. producer, the implications of the

Medfly problem are staggering. However, progress is being made. All major producing areas in California have been declared eradicated and shipments are moving to Japan without treatment. The Medfly program continues in only relatively minor citrus-producing counties in California.

Severe Restrictions

Japan's system of plant quarantines poses difficulties for U.S. producers. The government there has long been impressed by the methods of protecting American agriculture used by the USDA's Animal and Plant Health Inspection Service (APHIS). It has been so impressed, in fact, that many of the Japanese regulations that restrict U.S. produce imports are based on APHIS quarantine principles.

Japan restricts imports of a number of products because of quarantine. These include potatoes, apples, radishes and turnips. Only after much effort, special arrangements were established with Japanese authorities to allow the import of U.S. cherries and papayas, both of which were once prohibited.

High Food Prices

Food in Japan is among the most expensive in the world. In 1981, for example, food made up 32 percent of all consumer expenditures, compared to only 17 percent in the United States. However, for the average family, the price has dropped considerably in recent years. In 1960, 42 percent of the family income went for food. In 1977, this dropped to 31 percent and today only about 25 is spent for food.

In Japan, as in other Asian countries, food must appeal as much to the eye as it does to the palate. Produce that does not look at least as good as it tastes will not find its way onto the dinner table — an important factor in developing a market for new products in Japan.

Varied Marketing System

The marketing system for imported produce in Japan can often be complicated. Unless producers have their own offices in Japan, their most important contacts will be importers who will determine what, where and how much will be imported into the country.

A Japanese import firm may take many forms—the produce division of a giant trading company, a large supermarket chain or a family-run business selling produce from a booth in a wholesale market. Several of Japan's largest importers today were at one time the trading arms of major wholesalers.

All Japanese importers assume the financial risk of selling produce at favorable or unfavorable prices on the market. The volume of produce their competitors have available can determine profits or losses, and small supply fluctuations can result in large price swings which have little relation to prices set by the U.S. market

In an effort to obtain a specific market, an importer may request exclusive rights to a particular brand, even if the same packer sends the same produce to Japan under other labels.

For oranges, however, importers run less of a price risk. Japanese quotas restrict the import of oranges and each authorized importer is entitled to only a specific quantity. They buy at U.S. f.o.b. prices and sell into a tightly restricted market.

Most produce importers sell to wholesalers who may, in turn, sell either to retailers or jobbers who use small quantities. In recent years, some leading supermarket chains have imported directly in an effort to cut costs.

Despite what appears to be an often delicate balance between Japanese consumer demand and goverment restrictions, USDA observers are optimistic about prospects for the Japanese market in 1982 and beyond.

The economy in Japan is basically strong and inflation is low. However, high economic growth rates may not return for some time. In general, U.S. producers are enthusiastic about the markets opening for foods in Japan but they remain cautious as trade negotiations continue. ■

Storm Brews Over Japanese Trade Barriers

American farmers, who see local stores stocked with hundreds of Japanese goods say the restrictions on U.S. imports to Japan are unfair.

In late April, Vice President George Bush met in Tokyo with Japanese Prime Minister Zenko Suzuki to discuss trade barriers. A day before the meeting, about 8,000 Japanese farmers demonstrated outside the American Embassy against lifting import restrictions. Lifting the restrictions would put many American imports into a competitive position with Japanese goods.

The demonstration coincided with a U.S.-Japan trade forum in Toyko, attended by about 100 top Japanese leaders of agriculture, industry and government as well as 24 U.S. state Farm Bureau leaders.

At the forum, Robert B. Delano, president of the 3-million member American Farm Bureau Federation, expressed his concern over the trade barriers. According to a Chicago Tribune story the following day, Delano said that an open market could save Japanese consumers one-fourth of their monthly family food budget and could improve their standard of living by as much as 30 percent.

He warned the Japanese that Congress has proposed possible restrictions on the number of Japanese cars and other products coming into the United States. In 1981, the United States bought about $37.6 billion worth of products from Japan and sold to Japan about $21.8 billion, an imbalance of about $16 billion for that year.

The author is U.S. Agricultural Counselor in Tokyo.

Spain's Horticultural Exports To Rise With EC Accession

By L. Bill Emerson

Spain's exports of fruits and vegetables are expected to rise markedly when it finally joins the European Community (EC). Higher EC prices will make it profitable for Spanish farmers to invest more to boost their produce output for the export market.

The official date for Spain's entry into the Community is set for January 1, 1984, but there is speculation that it may be postponed until 1985 or even 1986.

After it joins, Spain is expected to have up to a 10-year transition period for full integration into the Community.

Present expectations are that Spanish exports of horticultural products during the transition period are likely to jump by about one-third. The present yields of many of the country's fruits and vegetables are 20 to 50 percent below average yields in the Community. But Spanish producers will profit from freer access to neighboring EC markets and higher EC prices. And they are expected to use these new advantages to modernize their industry.

Spain's higher level of exports are more likely to compete with purchases from countries outside the EC than with goods from other nations in the Community. Although French farmers are still protesting Spanish produce exports into the EC, these exports occur mostly in the winter months, and generally overlap with French (or Italian) marketing only in the late spring.

On the other hand, fruit and vegetable shipments to the Community from Morocco, Algeria and Tunisia (the Magreb), Egypt and Israel are likely to suffer more from Spain's increased horticultural exports after the Spanish actually join the EC.

Horticultural Production And Exports

The major constraint to further expansion of Spain's horticultural production, and thus exports to the Community, is the limited amount of frost-free areas and shortage of irrigation.

The major citrus areas in Valencia are already planted from the beaches to the mountain slopes; and the major winter vegetable area, Almeria, only receives about 6 inches of rainfall annually. So there is little room or water for more plantings.

Urbanization is taking areas out of production almost as fast as new areas are planted. Consequently, increases in horticultural production must come mostly from higher yields rather than substantial new plantings.

Higher yields must be preceded by expensive investments in greenhouses, new trees, and advanced irrigation networks. Such investments are likely to show a profit only over the long term. But, domestic and foreign investments by Dutch, German, and other northern European business representatives are beginning to modernize the industry.

Citrus. With EC membership, Spain's citrus industry is expected to increase its profitability. Spanish citrus exporters will no longer have to pay relatively high EC duties. These tariffs are now lower for most of Spain's competitors (Morocco, Israel and Egypt) which, like Spain, also enjoy preferential treatment. But the tariffs are higher for the United States, which does not receive preferred treatment.

EC membership may also give Spanish producers access to an array of other incentives. These include export subsidies and protection from non-EC imports through minimum import prices (reference prices). The reference prices apply year-round for lemons and from December through April for oranges.

The bulk of Spain's citrus exports are oranges and tangerines and virtually all of the better quality fruit already goes to the EC market.

Among the citrus crops, only the production of lemons is now on the rise in Spain. The new irrigation area in Murcia is being heavily planted to lemons. And,

because of higher prices, some existing orange areas in Murcia and Alicante are switching to lemons. Over the next 10 to 15 years, both lemon production and exports should rise about 30 percent. Based on current trends, orange and tangerine output is likely to remain about the same.

Tree nuts. Spain's almond and filbert exports may rise by 20 to 30 percent during the EC accession period as new plantings and trees come into bearing. Roughly 30 percent of all production of these nuts is exported, primarily to West Germany and France. Once Spain is a member of the Community, its prices will be even more competitive with U.S. and Turkish nut shipments to the EC.

Winter vegetables. Spanish sales of fresh winter vegetables are expected to grow by 30 to 50 percent because of greater profitability and higher yields.

Northern European investors have long realized that Spain's Almeria and Murcia areas have superb climates for winter vegetables with virtually no heating costs and over 300 days of sunshine. So added investment in southeastern Spain will undoubtedly boost vegetable output and exports dramatically.

Spanish exporters will also be selling far more fresh vegetables and melons after their country enters the EC. The biggest export gains are anticipated for onions, garlic, early potatoes and artichokes, along with leafy vegetables like lettuce and endive.

The forecast for sales of processed vegetable exports is also good. They should be up 15 to 20 percent once EC tariff and non-tariff barriers are lowered. The leading sellers will probably be processed tomatoes, artichokes and asparagus. Higher EC prices will presumably encourage Spain's farmers to try to increase their yields of these and other vegetables for processing.

Leading Spanish Exports of Fruits and Vegetables

	Quantity (1,000 MT)			Value ($ Million) [1]		
	1979	1980	1981	1979	1980	1981
Citrus						
Oranges	904	825	766	384	384	290
Mandarins	644	511	587	334	289	271
Lemons	219	218	231	106	118	105
Total	**1,767**	**1,554**	**1,584**	**824**	**791**	**666**
Non-citrus fruit [2]						
Apples	10	10	23	5	5	8
Pears	18	27	23	10	10	11
Grapes, Table	80	66	81	41	39	45
Total	**299**	**300**	**395**	**169**	**175**	**188**
Tree nuts [3]						
Almonds	24	16	19	116	87	80
Filberts	4	10	4	15	41	15
Total	**36**	**34**	**33**	**143**	**138**	**110**
Fresh vegetables	881	826	1,061	452	468	476
Melons	93	113	140	33	38	38
Fruits & vegs (processed)	490	427	430	442	420	1,376
Wines & musts	640	576	613	419	404	334
Total, all exports	**4,087**	**3,711**	**4,116**	**2,405**	**2,391**	**2,150**

[1] Pesetas per U.S. dollar: 1979— 67.13; 1980— 71.70; 1981— 92.32. [2] Does not include melons or nuts. [3] Almonds mostly shelled and filberts mostly in-shell, total customs data.

Non-citrus fruits. Spain's shipments of non-citrus fruits to the Community are expected to rise only moderately in the years ahead. Traditionally, Spain has exported table grapes and melons. In recent years, pear and apple exports have met with violent protests by French farmers complaining of Spanish competition. Because of strong competition from countries already in the Community, Spain's apple and pear exports are not expected to increase.

Wine exports to the EC may rise slightly, but the Community is already virtually flooded with wine. Spain has the world's largest area of wine grapes, 1.8 million hectares (4.5 million acres). But because of low rainfall, yields are only about half of those in the Community. Even so, Spanish wine is often lower priced than French and Italian wines, and more of the country's better quality wines are likely to be exported.

The overall outlook is for Spain's horticultural exports to rise gradually during the EC-transition period. But low yields and under-capitalization will continue to limit expansion of the horticultural industry for many years to come. ■

The author was formerly U.S. Agricultural Officer in Madrid. He is currently U.S. Agricultural Attache in Quito, Ecuador.

U.S.-EC Trade Issues Must Be Resolved

By Wayne W. Sharp

"I think (there is) a common commitment to a continuing close U.S.-Community relationship and a determination to manage the problems that confront us through closer communication and consultation. Significantly, agricultural issues offer the greatest challenge and will require the most intensive efforts to arrive at satisfactory solutions." —Secretary of Agriculture John R. Block before the Foreign Agricultural Policy Subcommittee of the Senate Committee on Agriculture, Dec. 16, 1981.

The European Community's (EC) Common Agricultural Policy (CAP) has made some important contributions to agriculture in member nations. But the United States has two broad concerns about the evolution of EC agricultural policy and trade practices.

First, the Community is questioning its past trade commitments on such vital U.S. exports as soybeans and corn gluten feed, which are valued at almost $4.5 billion.

Secondly, not only is the Community not correcting the overproduction that lies at the heart of our trade problems in recent years, it is even trying to institutionalize excess production with a strengthened common export policy. Thus, U.S. access to the Community and U.S. ability to compete in other markets are threatened by EC surplus production. So is the integrity of the CAP, good financial sense, and sound agricultural development.

The EC's policy of subsidized exports is inconsistent with accepted principles of international trade and the spirit of the new subsidy code.

It also creates a situation in which the private U.S. sector cannot compete fairly, EC consumers pay dearly for food, and LDC food production is potentially inhibited.

For example, the EC has been expanding protective barriers around its grain production for about 20 years, primarily through minimum import prices, variable import levies and export subsidies.

The EC's grain policy stimulates EC production and depresses total utilization. This squeezes out U.S. exports, and also cuts use of EC cereals because high costs result in meat prices that some EC consumers cannot afford. This creates costly surpluses of both meat and cereals that can only be exported with increasing levels of subsidies.

These EC grain exports either displace U.S. exports in third-country markets or curtail their growth. With EC wheat exports having edged up to 10-15 percent of the world market in recent years, these quantities are by no means neutral in their price effect.

In less than two decades, the EC has gone from a position of net importer of most temperate-zone products to one of net exporter. This is not the result of comparative advantage, but of policy decisions.

The United States doesn't begrudge the EC its success; but the consequences must be understood. As EC grain price policies made coarse grain increasingly more expensive—and thus less attractive as feed inputs—EC compounders turned to less costly non-grain feed, much of it imported from the United States.

The reason for the increase in U.S. exports of corn gluten to the EC is simply relative market prices. The EC's high price supports have made its corn prices much higher than the price of U.S. corn gluten.

The rise in EC imports of non-grain feed and soybeans has been caused primarily by EC grain pricing policies. And the United States feels that these imports provide an important "balance wheel" in the internal EC agricultural economy.

The United States and other supplying countries are not the only ones opposed to and puzzled by potential EC restrictions of non-grain feeds—so are the EC's own livestock producers.

If EC livestock producers are denied unlimited access to the cheapest available sources of feed, in the long-run demand for meat may drop and many livestock producers could be wiped out. If so, demand for EC-grown grain is also bound to be depressed. Thus, restrictions on imports of non-grain feeds would not increase the use of EC-produced grain.

With roughly 80-82 percent of the Community's feed consumption still EC-produced, it is in the best interest of EC cereal producers to hold down their prices to keep up demand from livestock producers.

In the European Community, per capita meat consumption is only about 71 percent of the level in the United States.

Future demand for cereal could expand significantly if meat prices were aligned so that consumption would not continue to be depressed below the level that could be expected. EC per capita consumption of beef, for example, is even less than that in the Soviet Union (25.8 kilograms in the EC, compared with 26.9 in the Soviet Union).

Bringing EC grain prices closer to world prices would be a positive step. It is in the Community's interest. But the fundamental problems will not be resolved until the prices of both grain and meat approach the world levels.

Unfortunately, there is no evidence that the Community will actually carry out the grain price alignment provisions of the proposed CAP reform. To the contrary, since world grain prices are declining, the Commission's proposed increases will only widen the gap.

Some suggest that the United States should sit back patiently until the proposed system is given a chance to work. And until it does, to allow trade rights and exports to be eroded.

This is troubling to the United States, since price alignment, which would benefit Europe's efficient producers, should be allowed to exert its influence on trade.

The United States also feels the Community is moving to institutionalize a strong export policy. This would imply a long-term commitment of the use of export subsidies and continued overproduction, which are inconsistent with realistic, affordable and acceptable goals for European agriculture.

It also violates both the spirit and the letter of the General Agreement on Tariffs and Trade (GATT), which permits the use of export subsidies on primary products to maintain an equitable market share obtained under normal competitive conditions. Market shares are not automatically transferred from one year to the next. They must be recaptured each year. That is why the United States objects to the adverse effects of EC policies on its trade opportunities.

The United States is willing to make every effort to resolve its major trade issues in a non-confrontational manner.

While a degree of conflict is inevitable, both the United States and the EC should be working toward greater compatibility with the international agricultural economy, including:

- Produce more of what we produce well;
- Eliminate trade practices that distort competition; and
- Resist the temptation to erect new barriers in favor of long-term economic potential.

As the two largest traders, the United States and the European Community must set an example for proper conduct in world agricultural trade by eliminating barriers.

Pressures to introduce new barriers or to apportion world markets among major exporters must be resisted. International commitments must be respected.

This is the kind of cooperation the United States seeks from the EC and other trading partners. The United States intends to continue developing policies compatible with an open international trade system and rejecting protectionist measures to solve internal problems.

But it is difficult to concentrate on these broader objectives when U.S. trade interests are constantly being challenged by the Community.

The United States wants to avoid getting into a costly export subsidy war or taking other retaliatory measures at a time when a sound, growing international trading system is more important than ever before.

The Community must find a way to support its farmers with measures that are trade neutral rather than with practices that lead to further production increases and conflicts in world markets. How effectively this challenge is met will significantly affect the future of U.S.-EC agricultural relations.

It will also affect the earnings of grain producers and traders. The world market should be free to operate—to the maximum extent possible—free of government interference. In the long run, all efficient producers stand to benefit from this kind of commercial policy. ■

The author is U.S. Agricultural Counselor to the U.S. Mission to the European Communities, Brussels. This article is based on his remarks before the National Union of Agricultural and Cereal Cooperatives in Paris on Feb. 4, 1982.

Marketing News

Beefing Up Far East Promotions for U.S. Meat

In its ongoing drive to build demand for U.S. beef in the Far East, the **U.S. Meat Export Federation (MEF)** recently sponsored a series of seminars in Tokyo, Singapore and Hong Kong. More than 220 government representatives, importers, manufacturers and endusers attended the beef seminar in Tokyo. Topics included the quality characteristics of U.S. grainfed beef, grading, meat cutting and processing techniques, as well as U.S. cattle production and feedlot operations. A similar seminar in Singapore drew 110 food and beverage managers, chefs and importers, and hotel and industry representatives attended the session in Hong Kong. MEF plans to hold similar workshops in other areas of the Far East, Western Europe, the Middle East, Latin America and Mexico and the Caribbean region.

Interested in the Meat Exporting Field?

The MEF will sponsor a technical services/marketing seminar on U.S. beef and lamb exports to the Middle East on October 15 in Chicago. For further information, contact Gerald Martens, MEF/Denver, (303) 399-7151. This seminar will come in handy if you plan to participate in Saudifood 83, the Second Saudi Arabia Food, Equipment and Catering Show, which will be held in Riyadh on Feb. 13-17, 1983. The Saudi government's commitment to improving the living standards of its people, as well as the presence of a large foreign population, have boosted the potential for exporting a wide variety of foodstuffs to Saudi Arabia. For more information, contact Stephen Luff, Saudifood 83, 11 Manchester Square, London WIM5AB, England.

Brazilian Wheat Trade Mission Visits United States

A four-man trade mission from Brazil—the largest importer of U.S. wheat in South America and the fourth largest in the world—recently completed a 2-week tour of the U.S. wheat industry, sponsored by **U.S. Wheat Associates (USW)**. Alvaro de la Fuente, USW's regional director for South America, said the mission was necessary because of changes in policy and personnel in the Brazilian Wheat Board (BWB), which makes all of Brazil's wheat purchases.

The team met with key members of the farming community and the international grain trade in Texas, Kansas and Nebraska. The group also met with USDA's General Sales Manager to discuss future credit policies toward Brazil. De la Fuente said that although Brazil prefers U.S. wheat, the country continues to need credit to purchase the volume of wheat it needs. Soon after the team's arrival in the United States, the BWB purchased 198,000 tons of U.S. Hard Red Winter wheat.

Feed Grains Team Finds New Market for U.S. Sorghum

Italy, which has only imported negligible amounts of U.S. yellow sorghum in the past, may soon become a 20,000-ton market thanks to efforts by the **U.S. Feed Grains Council (USFGC)** and changing consumer preferences for white-skinned poultry. High import duties, unfamiliarity with the advantages of the U.S. product, and Italy's own 100,000-ton brown sorghum industry limited demand for U.S. yellow sorghum in Italy in the past. But the major obstacle to inroads for U.S. sorghum was consumer preference for yellow-skinned chickens, which are harder to produce on a high-sorghum ration.

But today, Italian consumers are developing a preference for whiter skinned chickens—a preference Italy's poultry producers are having trouble meeting with traditional poultry feeds. While more sorghum in rations would produce the right results, Italian brown sorghum is so high in tannin that birds will only consume small amounts of it. U.S. yellow sorghum does not have this disadvantage.

Noting the growing strength of the consumer shift and its impact on the Italian poultry industry, USFGC and the **Grain Sorghum Producers Association (GSPA)** worked with the Italian Feed Manufacturers Association to organize a series of conferences in Italy this past spring. The team explained that U.S. No. 2 yellow sorghum could be used in a balanced formula ration that would produce the white-skinned broiler Italian shoppers want.

The response by Italian feed manufacturers and poultry producers was enthusiastic. USFGC reports the Italians are eager to try the U.S. yellow sorghum and test its performance. One group of executives told the team that not only do Italian consumers prefer a white-skinned chicken, they are even willing to pay a premium for it. The country's mixed feed producers are now being surveyed to determine which ones are interested in testing the U.S. yellow sorghum in poultry rations. Italy's feed producers are expected to become good future consumers for U.S. sorghum once the results of feeding trials and tests are completed.

Label Clearance Program Reinstated

The **Foreign Agricultural Service's** label clearance program, which was suspended in November 1981, has been resumed. FAS will receive product labels and forward them to U.S. agricultural attaches overseas to determine whether the ingredients meet approval for import. Foreign government label requirements include listing preservatives, additives, metric information and date coding. Processing fees are $25 per label, per country. For further information, contact FAS Export Promotion Division, U.S. Department of Agriculture, Room 4945-South, Washington, D.C. 20250. Tel: (202) 447-6343.

Two Wood Groups Join FAS Promotional Efforts

The **Western Wood Products Association (WWPA)** and the **Fine Hardwoods/American Walnut** Association (FH/AWA) are expanding their export promotion work. They are now involved in the National Forest Products Association's cooperator agreement with USDA's Foreign Agricultural Service. The WWPA's program for the rest of fiscal 1982 will include strengthening its Tokyo office, work on lumber standards in Europe, and preparing several technical brochures. The FH/AWA is developing a slide presentation to promote U.S. hardwood products and is considering production of a booklet in several languages that would explain and promote all major U.S. hardwoods.

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